



**Redevelopment and Financial Consulting**

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**ANNUAL REPORT**

*For 2015-16 Fiscal Year*

**Parking Revenue Refunding Bonds  
Series 2013**

*South Tahoe Joint Powers Parking Financing Authority*

June 2017

**Section A - Introduction**

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In November 2013, the South Tahoe Joint Powers Parking Financing Authority (Authority) issued its Parking Revenue Refunding Bonds (Bonds) in the amount of \$7,735,000. The Bonds are secured by and payable from Gross Revenues and amounts held in certain funds and accounts established by the Indenture dated November 1, 2013, that was entered into as part of the issuance of the Bonds. Gross Revenues include:

1. Revenues from operation of the parking garage. The Authority is authorized to deduct from the Gross Revenues the costs for operation and maintenance of the Garage prior to making bond debt service payments.
2. Surplus Special Tax Revenues from Community Facilities District No. 2001-1 that are available after debt service on the District's Series 2015 Special Tax Bonds.

As part of the issuance of the Bonds, the Authority executed a Continuing Disclosure Certificate. The Disclosure Certificate was executed and delivered by the Authority for the benefit of the holders and beneficial owners of the bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Disclosure Certificate for the Bonds requires the Authority to file an Annual Report with the Municipal Securities Rulemaking Board (MSRB) no later than June 30 of each year. The Annual Report needs to contain or incorporate by reference the following information and data:

- (a) The Authority's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) The following financial and operating data:
  - (1) Principal amount of Bonds outstanding
  - (2) Balance in the Revenue Fund, and any sub account therein.
  - (3) Balance in the Bond Interest Account, and any sub account therein.
  - (4) Balance in the Bond Principal Account, and any sub account therein.
  - (5) Balance in the Bond Reserve Account.
  - (6) Balance in the Supplemental Reserve Account.

- (7) Balance in the Bond Redemption Fund, and any sub account therein.
- (8) Balance in the Surplus Revenue Account
- (9) Annual operating budget of the Parking Garage for the current fiscal year. Such budget shall describe for the Fiscal Year the anticipated receipts of Gross Revenues, costs and expenses for the Parking Garage and such other matters as the Authority shall deem necessary or appropriate, and shall include all anticipated Gross Revenues, Maintenance and Operation Expenses, Annual Bond Debt Service payments, the Renewal and Replacement Requirement and the Renewal and Replacement Annual Contribution for such Fiscal Year. Such budget shall include a comparison of actual operating results to the budget for the prior year.
- (10) To the extent not otherwise provided pursuant to the preceding items, annual information required to be filed by the Authority with the California Debt and Investment Advisory Commission pursuant to Sections 50075.1, 50075.3, 53359.5(b), 53410(d) or 53411 of the California Government Code.
- (11) A calculation showing whether the Coverage Test has been satisfied during the fiscal year.

The Annual Report must also include certain information on the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Districts) Special Tax Revenues. That information has been provided by including a copy of the Annual Report for the Special Tax Refunding Bonds, Series 2015 as Appendix A to this report.

This Annual Report provides the required information for the Authority's 2015-16 fiscal year and budget estimates for the 2016-2017 fiscal year. The audited financials for the Authority for the 2015-16 fiscal year are part of the City of South Lake Tahoe's Comprehensive Annual Financial Report. The CAFR has been submitted under separate cover.

The balance of this Report shows the other required information and data shown above. The revenue and expense estimates contained in the following sections of this Report are based upon information and data which we believe to be reasonable and accurate. To a certain extent, the budget estimates of revenue and expenditures are based on assumptions that are subject to a degree of uncertainty and variation and therefore are not represented as results that will actually be achieved.

### **Financial and Operating Data**

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Table 1 on the following page shows the current status of the various bond funds and accounts as of September 30, 2016 (the end of the 2015-16 fiscal year) and year to date data through April 2017.

	9/30/2016	4/30/2017
(1) Principal amount of Bonds outstanding	\$7,315,000	\$7,090,000
(2) Balance in the Revenue Fund.	446,382	50,155
(3) Balance in the Bond Interest Account	0	0
(4) Balance in the Bond Principal Account	0	0
(5) Balance in the Bond Reserve Account.	571,684	572,844
(6) Balance in the Supplemental Reserve Account	1,830,655	1,834,188
(7) Balance in the Bond Redemption Fund	0	0
(8) Balance in the Surplus Revenue Account	0	0

Table 2 shows the Annual Operating Budget and Coverage for the Parking Garage for the 2015-16 and 2016-17 fiscal years. The Authority’s fiscal year runs from October 1 through September 30. For 2015-16, Table 1 also includes the audited actual results for the Parking Garage. The Indenture for the 2013 Bonds also requires that the City indicate the amount of the Renewal and Replacement Requirement for the next five years. City staff has indicated that amount at approximately \$250,000 for the four years after 2015-16. The Renewal and Replacement Annual Contribution for 2016-17 is estimated at \$20,000 based on the approved budget as part of the machinery and equipment line item.

Also as required by the Disclosure Certificate, Table 2 also includes a calculation showing whether the Coverage Test has been satisfied for the current fiscal year. Section 6.10 of the Indenture includes a definition for the Coverage Test which reads as follows:

*So long as any of the Bonds are Outstanding, the Authority will establish and maintain or cause to be established and maintained such rules and regulations and such rentals, rates, fees and charges for the use of the Project as will be required to generate in each Fiscal Year Net Operating Revenues equal to at least one and one-half times (1.50x) Net Maximum Annual Debt Service for the Bond Year commencing in such Fiscal Year (the "Coverage Test").*

The Indenture defines Net Operating Revenues as Operating Revenues less Maintenance and Operation Expenses. As shown on Table 2, actual Net Operating Revenues for 2015-16 were \$789,838 and are estimated at \$845,572 for 2016-17. Net Maximum Annual Debt Service is defined in the Indenture to mean Maximum Annual Debt Service less Surplus Special Tax Revenues reduced by 1.10, which equals \$269,550 for 2015-16 and 2016-17 as shown on Table 2. The Coverage Test for 2015-16 was 2.93x, and is estimated at 3.14x for 2016-17. These are greater than the 1.50x required in the Indenture.

Table 2  
 South Tahoe Joint Powers Parking Financing Authority  
 Parking Revenue Bonds - Series 2013

**ANNUAL OPERATING BUDGET AND COVERAGE \***

	2015-16 Budget	2015-16 Audited Actual	2016-17 Budget
Operating Revenues (1)	897,600	1,155,608	1,127,600
<b>Operating Expenses</b>			
Technical / Professional Services	20,000	15,208	45,000
Employee Salaries and Benefits	57,239	46,816	63,428
Insurance	11,500	13,856	11,500
Utilities	49,000	23,527	49,600
Fiscal Agent Fees	30,000	32,455	40,000
Other (2)	148,000	233,909	72,500
Total Operating Expenses	315,739	365,770	282,028
<b>Net Operating Revenues</b>	<b>581,861</b>	<b>789,838</b>	<b>845,572</b>
Interest Earnings	2,000	7,562	2,000
Surplus Special Tax Revenue (3)	330,000	330,000	330,000
<b>Gross Revenues Less Operating Expenses</b>	<b>913,861</b>	<b>1,127,400</b>	<b>1,177,572</b>
<b>Debt Service and Coverage</b>			
2013 Parking Bond Debt Service (4)	569,550	569,550	569,550
All-In Debt Service Coverage (5)	160%	198%	207%
Subordinate Expenses - CFD Admin (6)	23,000	39,479	30,000
<b>Net Remaining Revenue</b>	<b>321,311</b>	<b>518,371</b>	<b>578,022</b>
<b>Coverage Test Debt Coverage (7)</b>			
Net Operating Revenues	581,861	789,838	845,572
Maximum Annual Debt Service	569,550	569,550	569,550
Less: Surplus Special Tax Revenue / 1.1	300,000	300,000	300,000
Net Maximum Annual Debt Service	269,550	269,550	269,550
Coverage Test Coverage	216%	293%	314%

\* Fiscal year runs from October 1 - September 30

- (1) Operating Revenues reflects all revenues derived from operation and usage of the Parking Garage, including hourly or daily parking usage, validations and parking passes, advertising revenues, and special events rentals.
- (2) Includes costs for advertising, communications, fixtures and miscellaneous expenses. Excludes depreciation shown in the audited financial statements.
- (3) Reflects Surplus Special Tax Revenues transferred to the Authority from special tax revenues levied in the District net of debt service on the 2007 CFD Bonds.
- (4) Maximum annual debt service on the 2013 Parking Bonds.
- (5) Calculated by dividing Gross Revenues Less Operating Expenses by 2013 Parking Bond Debt Service.
- (6) Administrative expenses for the CFD are subordinate to bond debt service on the 2013 Bonds.
- (7) Calculated pursuant to the Indenture, as described more fully in the Annual Report.

Appendix A

**Annual Report**

Special Tax Refunding Bonds, Series 2015



**SOUTH TAHOE REDEVELOPMENT AGENCY  
COMMUNITY FACILITIES DISTRICT NO. 2001-1  
(Park Avenue Project)  
SERIES 2015 SPECIAL TAX REFUNDING BONDS  
(Heavenly Village)  
\$6,135,000**

South Lake Tahoe, California  
Dated: October 1, 2015  
Base CUSIP+: 840533

**2015/16 ANNUAL CONTINUING DISCLOSURE  
INFORMATION STATEMENT  
AS OF MARCH 15, 2017**

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# CITY OF SOUTH LAKE TAHOE

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\* In its role as Disclosure Consultant, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.



## ***I. INTRODUCTION***

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Pursuant to an Official Statement dated September 18, 2015 the South Tahoe Redevelopment Agency (the "Agency") issued \$6,135,000 Community Facilities District No. 2001-1 (the "District") (Park Avenue Project) Series 2015 Special Tax Refunding Bonds (Heavenly Village) (the "Series 2015 Bonds"). The proceeds of the Bonds were primarily used to refund the \$7,200,000 South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (the "District") (Park Avenue Project) Series 2007 Special Tax Bonds.

The City of South Lake Tahoe (the "City") is located at the Southwest corner of Lake Tahoe adjacent to the Nevada state line and is approximately 190 miles northeast of San Francisco and 100 miles east of Sacramento. The District boundaries presently encompass an area of approximately 9.32 acres which includes approximately 5.38 acres of private development property that is subject to Special Tax levies and approximately 3.94 acres of property that has been used for perimeter landscaping, an ice rink, open space and a public parking garage, all of which will be exempt from Special Taxes of the District.

The Bonds are payable solely from the proceeds of the special tax to be levied annually on the real property within the District. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Bonds are not in any way a debt, liability or obligation of the City.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the Agency and the City for the benefit of the holders of the Bonds and includes the information specified in the Continuing Disclosure Agreement. For further information and a more complete description of the District, the Agency the City, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the Agency and the City and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the Agency and the City or any other parties described herein.

**THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY "WILLDAN") DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS COMMUNICATION, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.**

## **II. BOND INFORMATION**

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### **A. PRINCIPAL OUTSTANDING**

<b>Bond Issue</b>	<b>As of October 2, 2016</b>
South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 Series 2015	5,830,000

The Agency has not authorized any additional debt payable from or secured by assessments or special taxes with respect to property within the District.

### **B. FUND BALANCES**

<b>Fund Balances</b>	<b>As of June 30, 2016</b>	<b>As of October 31, 2016</b>
Bond Reserve Fund	\$517,090	\$517,866
Reserve Requirement <sup>(1)</sup>	\$516,050	\$516,050
Cost of Issuance	\$11,205	\$11,222
Project Account	\$0	\$0
Surplus Fund	\$102	\$101
Special Tax Fund	\$979	\$977

(1) Reserve Requirement, which is defined as the amount, as of any date of calculation, equal the lowest of (i) 10% of the initial principal amount of the Bonds, less original issue discount, if any, plus original issue premium, if any, or; (ii) the Maximum Annual Debt Service on the Bonds, or (iii) one hundred twenty-five percent (125%) of average annual debt service on the Bonds (the Reserve Requirement). Source: The Official Statement.

### ***III. FINANCIAL INFORMATION***

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THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

The audited financial statements for the City for the fiscal year ended September 30, 2016 will be separately filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

Neither the audited nor the unaudited financial statements were available at the time of this report. The audited financial statements for the City for the fiscal year ended September 30, 2016 are expected to be filed by March 28, 2017.

## IV. OPERATING INFORMATION

### A. TOTAL ASSESSED VALUE

The following table sets forth a summary of the assessed values of all parcels subjected to the Special Tax levied. The information in this table is based on the El Dorado County 2016/17 Secured Property Roll and does not reflect any subsequent development or change of ownership.

Fiscal Year	Assessed Value	% Change
2002-03 <sup>(1)</sup>	\$66,300,000	-
2003-04	162,465,413	145%
2004-05	170,685,530	5%
2005-06	275,867,819	62%
2006-07	299,848,103	9%
2007-08	328,259,651	9%
2008-09	339,734,139	3%
2009-10	351,274,438	3%
2010-11 <sup>(2)</sup>	340,840,382	-3%
2011-12 <sup>(2)</sup>	269,864,478	-21%
2012-13 <sup>(2)</sup>	217,483,484	-19%
2013-14	240,805,219	11%
2014-15 <sup>(3)</sup>	188,581,580	-22%
2015-16	194,299,482	3%
2016-17	207,083,684	7%

<sup>(1)</sup> First year Special Taxes were levied; Total Assessed Value for each fiscal year is based on levied parcels only.

<sup>(2)</sup> Proposition 8 temporary reductions applied.

<sup>(3)</sup> Assessed values decreased from the prior fiscal year due to a Proposition 8 reduction on over 10,000 parcels.

Source: El Dorado County, as compiled by Willdan Financial Services

### B. TOP TEN TAXPAYERS

Owner	Number of Parcels Taxed	2016/17 Special Tax Levy	Percent of Total Levy	2016/17 Assessed Value Total
CECILS LLC	1	\$19,954	2.02%	\$7,415,364
FIRST AMERICAN TRUST - GRAND RESIDENCE	747	47,613	4.81%	8,616,520
FIRST AMERICAN TRUST FSB ETAL & LAND TRUST #1082-0300-00	14	23,231	2.35%	5,113,908
FIRST AMERICAN TRUST - TIMBER LODGE	2106	127,289	12.87%	33,216,835
HEAVENLY RESORT PROPERTIES	1	4,613	0.47%	2,655,451
HEAVENLY VALLEY LTD PTNSHP	1	148,440	15.01%	16,313,409
MARRIOTT OWNERSHIP RESORTS	14	9,410	0.95%	4,810,384
TSI INVESTMENTS A NEVADA L	3	37,260	3.77%	21,286,502
TSI INVESTMENTS NV LLC	5	38,092	3.85%	11,974,000
Unknown Owner	2505	80,598	8.15%	0
Top Ten Taxpayer Subtotal	5,397	\$536,501	54.25%	\$111,402,373
All Other Special Taxpayers Subtotal	9,632	\$452,488	45.75%	\$95,681,311
<b>Total All Property Owners</b>	<b>15,029</b>	<b>\$988,989</b>	<b>100%</b>	<b>\$207,083,684</b>

### C. DELINQUENCY SUMMARIES

Fiscal Year	Number of Parcels	Number of Delinquent Parcels	Annual Special Tax	Amount Delinquent <sup>(1)</sup>	Percent Delinquent
2014/15	11,102	188	\$925,874.10	\$7,447.48	0.87%
2015/16	13,308	2,349	\$923,275.19	\$72,294.66	7.83%

<sup>(1)</sup> Delinquent amount shown includes handbilled parcels to First American Trust/Marriott Vacations Worldwide Corporation totaling \$59,220.47. To-date, the District is in dispute with First American Trust/Marriott Vacations Worldwide Corporation regarding the outstanding handbill.

Source: El Dorado County and South Tahoe Redevelopment Agency as compiled by Willdan Financial Services

### D. FORECLOSURE COVENANT

The covenant requires the Agency to commence judicial foreclosure proceedings (i) against all parcels owned by a property owner where the aggregate delinquent Special Taxes on such parcels is greater than \$1,000 by the December 1 following the close of each fiscal year in which such Special Taxes were due and, (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 90% of the total Special Taxes levied for such Fiscal Year.

### E. FORECLOSURE PROCEEDINGS

One parcel is subject to the foreclosure covenant. At this time the Agency is not pursuing judicial foreclosure. The City will take actions as necessary, under advice from legal counsel, to enforce collection in the event of continued non-payment.